

of Maryland to the amount of one million of dollars, loaned to these companies by the act of 1838, chapter 416, and not payable until the year 1864. All that the State requires in the meantime, is the punctual payment of the interest, at five per centum, with the addition of the difference of exchange of currency between Baltimore and London, where the interest is payable. It was with deep regret and mortification that the board found themselves constrained to yield to the necessity of permitting the interest to remain unpaid, which has become due. From various causes the receipts from tolls have hitherto been very far short of the anticipated revenue—the entire tolls up to the 1st of August last having been paid in the small notes of the Tide Water Canal Company—and the actual cost of the work not only exceeded the highest estimates, but numerous unforeseen expenditures along the canal have been unavoidably incurred—and which have more than absorbed all the available receipts from tolls—breach after breach occurred in its banks—and these it was necessary to repair at whatever expense and without delay—and these and other disasters had the further injurious effect of interfering essentially with the business of the canal to the diminution of its trade and the consequent reduction of its revenues. The canal however is now complete and in perfect order: and the trade for the last two months has greatly increased. It is confidently hoped that the business of the next year will be more than double the receipts of this year: and that in its returns substantial evidence will be furnished of the future profits of the work.

*Secondly.* The other liabilities of the companies, embracing bonds, post notes, bills payable, Tide Water Canal Company notes, &c. and including the sum of \$217,000 in the company's notes, which are endorsed by individuals who have been specially secured against loss—amount to \$1,452,137 52. Besides these there are various claims for damage in Maryland and in Pennsylvania, which are yet unsettled, the amounts of which have not been finally ascertained, and some of which are still in litigation. The extent of the liabilities being thus shewn, the board proceeded to show the resources for their payment.

The companies are without present funds, and their only resource is, of course, in the tolls of the canal, and in the credit to which they may be deemed entitled as owners of a work yielding a certain annual income. If it were already certainly established by actual results, that the annual revenue from tolls will be fully adequate to pay the annual interest to the State, the annual interest on the other debts and all the expenses connected with the management of the canal, the debts would be deemed by all to be abundantly secure; and although the actual payment of these debts may thereby be deferred, any arrangement must be deemed desirable, which will produce these results. The president and directors fully believe that in a very few years the annual revenue from tolls will be more than sufficient to insure these results. The tolls for the first year were very limited in amount, and did